

General Information Letter: Transportation fringe benefits excluded from employees' gross income is excluded from base income.

April 13, 1999

Dear:

This is in response to your telephone inquiry, in which you request a letter ruling. The nature of your request and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

Your inquiry involved the Illinois Income Tax treatment of transportation fringe benefits that are excluded from federal gross income under Section 132 of the Internal Revenue Code.

Under Section 203(a)(1) of the Illinois Income Tax Act (35 ILCS 5/203), the computation of an individual's net income subject to Illinois income tax begins with the individual's federal adjusted gross income. Various addition and subtraction modifications are then made under Section 203(a)(2). None of those modifications relate to transportation fringe benefits excluded from federal gross income pursuant to Section 132 of the Internal Revenue Code. Accordingly, any transportation fringe benefit that is excluded from federal gross income pursuant to Section 132 of the Internal Revenue Code will be excluded from the Illinois net income of the individual receiving the benefit.

As stated above, this is a general information letter which does not constitute a statement of policy that applies, interprets or prescribes the tax laws, and it is not binding on the Department. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Sincerely,

Paul S. Caselton
Associate Chief Counsel -- Income Tax